



INSIGHTS

107th Congress

September 10, 2001

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INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

I. WEEKLY SUMMARY

HOUSE

This week, the Committee on Energy and Commerce will hold two hearings entitled “Electric Transmission Policy: Regional Transmission Organizations.”

SENATE

This week, the Senate includes on its agenda the following activities of interest:

- Consideration of two FY 2002 appropriations bills:
 - Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
 - Commerce, Justice, State, and the Judiciary
- Authorization and oversight activities include the following:
 - Hearing on tax incentives in energy policy
 - Hearing on Corporate Average Fuel Economy Standards
 - Mark-up of national energy legislation

WHITE HOUSE

No actions of interest have been announced.

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II. COMMITTEE ACTIVITY

HOUSE

Comments or Action Items

Federal Budget Surplus The Committee on the Budget received testimony from Mitch Daniels, Director of the Office of Management and Budget, and Dan Crippen, Director of the Congressional Budget Office. Concern over the reduced surplus and the impact on FY 2002 appropriations (see related article under Conference Committee Negotiations) caused House and Senate Democrats to question how Congress will be able to clear FY 2002 appropriation bills. Minority Leader Dick Gephardt (D/MO) last week called for the President to submit a new budget to reflect lower surplus projections.

In his remarks, Mr. Daniels told the committee, “Despite a nearly stagnant economy, the government’s finances are remarkably sound. The budget’s enormous surpluses have allowed us to deliver significant tax relief to working Americans, providing badly needed fiscal stimulus to counteract the year-long slowdown in the economy.... [W]e continue to take in huge surplus revenues, and to use the extra receipts to steadily reduce the nation’s outstanding debt.” He noted that, despite a reduction in surplus projections for FY 2002 (\$158 billion down from an April projection of \$281 billion), potential new incentives to stimulate the economy will have to be offset in other areas. To protect the economy, he urged Congress to “contain spending over the coming year” by complying with the *2002 Budget Resolution* of \$661 billion in discretionary spending and by restraining spending during the next few years.

Mr. Crippen also referred to the reduced Federal surplus by citing the Congressional Budget Office (CBO) projection of \$153 billion for FY 2001, \$122 billion below CBO’s April projection. He told the committee, “If current tax and spending policies are maintained and the economy performs as estimated, CBO projects small deficits or surpluses in on-budget accounts for the next four years; however, steadily increasing on-budget surpluses reemerge by the middle of the decade.”

H.R. (Unnumbered) - Military Construction The Subcommittee on Appropriations for Military Construction cleared its FY 2002 appropriations bill on September 6. The full committee is scheduled to begin marking up the bill on September 12. The bill provides funding for the following programs of interest:

- **Military Construction - \$5.9 billion and includes funding for:**
 - **Military Barracks - \$1.2 billion**
 - **Child Development Centers - \$43 million**
 - **Hospital and Medical Facilities - \$199 million**
 - **Guard and Reserve Components - \$823 million**
- **Family Housing - \$4.1 billion and includes funding for:**
 - **New Family Housing Units and Improvements to Existing Units - \$1.1 billion**
 - **Operation and Maintenance of Existing Units - \$2.9 billion**

SENATE

Comments or Action Items

S. 1398 - FY 2002 Appropriations for Treasury, U.S. Postal Service, and General Government

The bill, which was introduced by Byron Dorgan (D/ND), was introduced on September 4 and cleared the Committee on Appropriations on the same day. Senator Dorgan chairs the Subcommittee on Treasury, Postal Service, and General Government. Provisions of interest include the following:

Department of the Treasury

- **Treasury Building and Annex Repair and Restoration - \$32.932 million for the Main Treasury and Annex buildings**

- **Federal Law Enforcement Training Center** - \$33.434 million for acquisition, construction, improvements, equipment, furnishings, and related costs for expansion and maintenance of facilities (includes Facilities Master Plan to address long-range blueprint for expansion of facilities to meet training requirement of over 73 participating agencies)
- **Internal Revenue Service's** - \$3.352 million for acquisition, construction, improvement, and related expenses (includes funding for the J. Rowley Training Center to continue development of current Master Plan and to maintain and renovate existing facilities to ensure efficient and full utilization of Center)

Postal Service

- **Ethanol Vehicles** - The committee commends USPS for purchase and deployment of ethanol flexible fuel vehicles, encourages the agency to continue to purchase these vehicles, and understands that USPS will locate vehicles as its operations require and that local providers will be encouraged to develop the necessary infrastructure to enable convenient access to ethanol at competitive prices.

General Services Administration - Federal Buildings Fund

- **Construction and Acquisition** - \$753.944 million (includes \$574.458 million for courthouse projects).
- **Geothermal Heat Pumps** - The committee strongly supports the purpose outlined in the July 1999 Memorandum of Understanding between GSA and the Geothermal Heat Pump Consortium and urges GSA to fully and creatively explore ways to include this technology in new construction projects. The committee directs GSA to report to the committee no later than April 30, 2002, on its progress on implementing the agreement.
- **Repairs and Alterations** - \$844.889 million.
- **Rental of Space** - \$2,959,550 billion.
- **Building Operations** - \$1,748,949 billion.

Environmentally Preferable Products - The committee urges GSA to work to remove barriers and establish needed definitions and standards to allow environmentally preferable products to be widely purchased by the Federal Government and its grantees. GSA should set long-term goals for the purchase of such products in coordination with the Environmental Protection Agency, the Department of Agriculture, and other agencies. Priorities should be set based on estimated environmental benefit, likely market size, and use of renewable and agri-based resources.

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Conference Committee Negotiations Senator Robert Byrd (D/WV), Chairman of the Committee on Appropriations has criticized his House counterpart, Representative Bill Young (R/FL), for not naming members to the conference committees for the five appropriations bills that have cleared both the House and Senate. House Committee on Appropriations Chairman Young has said that he wants the House to clear two major funding bills before naming conference committee negotiators. Bills that have cleared both chambers include:

- Energy and Water Development
- Interior and Related Agencies
- Transportation and Related Agencies
- Treasury, U.S. Postal Service, and General Government
- Veterans' Administration, Housing and Urban Development, and Independent Agencies

The two major bills Chairman Young wants to pass before proceeding with conference negotiations on any of the FY 2002 appropriations bills include:

- Defense
- Labor, Health and Human Services, and Education

Meanwhile, concern over a dwindling budget surplus and the impact on FY 2002 and future spending bills may further delay passage of FY 2002 appropriations. The President's budget request includes \$661 billion in discretionary funds for FY 2002; however, the Administration is seeking an additional \$18 billion to support Department of Defense programs, which would further erode the budget surplus. Most observers anticipate a series of continuing resolutions to keep the Federal Government operational until FY 2002 funding issues are resolved.

Energy Legislation On September 6, **the Committee on Energy and Commerce Chairman, Jeff Bingaman (D/NM), announced on the Senate floor his proposed marks for energy legislation**, which he plans to present this week at the committee mark-up. In his floor remarks, Chairman Bingaman said:

The Chairman's Mark will also require the federal government to purchase Energy Star® products or other energy efficient products designated by the Federal Energy Management Program. This is a requirement that, again, makes eminent sense. Taxpayers save money, and the cost of energy-efficient appliances to consumers comes down, when the federal government takes a leadership role in purchasing highly energy efficient computers, office machines, and other appliances.

Other key features of the Chairman's Mark include the following:

- **Directs the Federal Government to purchase a certain percentage of electricity generated by a renewable energy source (3 percent in FY 2002, increasing to 7.5 percent in FY 2010 of total electricity)**
- **Changes the baseline for measuring Federal energy performance for 1985 to 2000 and requires a 20 percent improvement by 2011; requires metering and sub-metering of Federal buildings and use of real-time consumption data to measure electricity use**
- **Requires establishment of revised Federal building efficiency standards and use of sustainable design principles in new buildings**

- **Clarifies the applicability of energy savings performance contracts to water conservation and permits use for replacement facilities**
- **Repeals statutory sunset of energy saving performance contract authority**
- **Provides for a study of barriers to increase use of these contracts**
- Provides statutory authority for the DOE/EPA Energy Star[®] program
- Requires electric supplies to provide net metering services for on-site generators fueled by renewable energy resources, fuel cells, or combined heat and power
- Requires an increase in renewable energy for electricity generation from facilities placed in service after 2001, of 2.5 percent for 2006 through 2010 and 5 percent for 2011 to 2016 – Credits for such renewable energy generation may be traded or may be borrowed against future planned expansion of such generation. Renewable energy includes incremental hydropower at existing dam sites.
- Reauthorizes and reforms incentive program available to municipal and cooperative utilities for producing electricity from renewable energy sources; includes Indian tribal government in the program
- Provides that electric utilities offer real-time metering and pricing to customers, provide competitive access to the grid for local district heating and cooling systems, and increase the efficiency of their fossil-based generation
- Increases the efficiency standard for residential air conditioners to 30 percent (the Administration proposed 20 percent)
- Provides the Federal Energy Regulatory Committee (FERC) with increased control over electric power grid and ability to order transmitting utilities to join regional transmission organizations (RTOs)
- Extends FERC's jurisdiction to include municipal, cooperative, and Federal authorities
- Authorizes FERC to establish and enforce, with deference to the North American Electric Reliability Council and the RTOs, mandatory standards to ensure reliability of the transmission grid
- **Requires Federal fleet vehicles capable of running on alternative fuels to use an increasing percentage of the renewable fuel**
- Allows alternative-fueled vehicles to use HOV lanes
- Increases the development of renewable energy sources

Federal Budget Surplus Last week, the Senate also received testimony on the Federal budget surplus from the Directors of the Office of Management and Budget and the Congressional Budget Office. The testimony, which was similar to that provided at a hearing of the House Committee on the Budget (see summary above) drew questions from Senate Democrats dealing with a number of Federal programs, including pending energy legislation. Senate Majority Leader Tom Daschle (D/SD) said that he doubted

there would be sufficient funds to provide the proposed \$34 billion in energy-related tax incentives as well as a number of other Federal programs. However, Minority Ranking Member Pete Domenici (R/NM) said that the President's budget was "good enough to complete our work" for FY 2002 appropriations.

Defense Appropriations On September 5, the Subcommittee on Appropriations for Defense held a hearing on the agency's FY 2002 funding requirements. General Henry Shelton testified before the subcommittee on a range of topics including military housing. He told the subcommittee,

Housing continues to be a core element in our efforts to improve the quality of life for our service members.... [T]he Services remain on track with plans to eliminate inadequate housing for unaccompanied enlisted personnel by 2008. The situation for family housing is more challenging. Last year, the Service Family Housing Master Plans deemed almost 61% of family housing units inadequate. The Services are revamping their respective Family Housing Master Plans to revitalize, privatize, or demolish these inadequate units by 2010.

General Shelton urged Congress to continue to support the agency's efforts to support construction and privatization programs. He also said, "creating smart partnerships with the private sector makes defense dollars go further and effectively frees up resources to revitalize existing housing."

STATUS OF FY 2002 APPROPRIATIONS BILLS

(In Billions)

HOUSE

SENATE

Jurisdiction/ FY 2002 Budget Request	302(b) Allocations / Approved Funding Level	Bill No.	Full Cmte.	Floor	Conf.	302(b) Allocations /Approved Funding Level	Bill No.	Full Cmte.	Floor	Conf.
Agriculture \$ 15.409	\$ 15.519 \$ 15.669	H.R. 2330	June 13	July 13		\$ 16.092 \$16.4	S. 1191	July 17	Week of Sept. 10	
Commerce \$ 37.944	\$ 38.541 \$38.5	H.R. 2500	July 13	July 19		\$38.760 \$41.49	S. 1215	July 19	Sept. 10	
Defense \$300.962	\$300.292					\$298.568				
Energy and Water Development \$ 22.517	\$ 23.704 \$ 23.7	H.R. 2311	June 25	June 28		\$ 25.129 \$ 25.1	S. 1171	July 12	July 19	
Interior \$ 18,092	\$ 18.941 \$ 18.9	H.R. 2217	June 13	June 21		\$ 18.527 \$ 18.5	H.R. 2217	June 28	July 12	
Labor / HHS \$115.682	\$119.758					\$119.000				
Military Construction \$ 9.650	\$ 10.155		Sept. 12			\$ 9.649				
Transportation \$ 14.891	\$ 14.893 \$ 14.9	H.R. 2299	June 20	June 26		\$ 15,579 \$ 15.579	S. 1178	July 12	August 1	
Treasury \$ 16.488	\$ 16.880 \$ 17.0	H.R. 2590	July 17	July 25		\$ 16.972		July 26	Sept. 4	
VA/HUD \$ 83.683	\$ 84.159	H.R. 2620	July 17	July 31		\$ 84.053 \$ 84.05	S. 1216	July 19	August 2	
Total 302(b) Allocations/ FY 2002 Budget Request \$658.792	\$661.300					\$661.300				

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III. NEW LEGISLATION

HOUSE

Number	Short title	Date	Sponsor	Status
H.R. 2865	<i>Social Security Protection Act</i>	September 6	Mike Rogers (R/MI) <i>Committee on Transportation and Infrastructure</i>	Referred to Committee on the Budget
	Key Provisions:	Amends the <i>Balanced Budget and Emergency Deficit Control Act of 1985</i> to require sequestration of discretionary non-defense spending for FY 2002 by an amount equal to the actual deficit for FY 2001.		

SENATE

No new legislative initiatives of interest to FEMP.

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IV. ADMINISTRATION INITIATIVES

No new initiatives of interest to announce.

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V. HEARINGS SCHEDULE

HOUSE – APPROPRIATIONS

No new hearings, mark ups or votes of interest have been scheduled.

HOUSE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
September 11 – Committee on Energy and Commerce (NEW)	Billy Tauzin (R/LA)	Hearing – Electric Transmission Policy: Regional Transmission Organizations	TBA	2:00 p.m. 2123 Rayburn Office Building

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
September 14 – Committee on Energy and Commerce (NEW)	Billy Tauzin (R/LA)	Hearing – Electric Transmission Policy: Regional Transmission Organizations	TBA	9:30 p.m. 2123 Rayburn Office Building

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SENATE – APPROPRIATIONS

No new hearings, mark ups or votes of interest have been scheduled.

SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
September 12 – Committee on Finance (NEW)	Max Baucus (D/MT)	Hearing – Tax incentives in energy policy	Senior management officials representing Santee Cooper, Butler County Rural Electric Cooperative, CMS Energy Corporation, CONSOL Energy, and Resources for the Future	10:00 a.m. Room 215 Dirksen Office Building
September 13 – Committee on Commerce (NEW)	Fritz Hollings (D/SC)	Hearing – Corporate Average Fuel Economy Standards	TBA	9:30 a.m. Room 253 Russell Office Building
September 13 – Committee on Energy and Natural Resources (NEW)	Jeff Bingaman (D/NM)	Mark-Up – National energy bill	N/A	9:30 a.m. Room 366 Dirksen Office Building

SENATE – CONFIRMATION

No confirmation hearings of interest have been scheduled.

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HOUSE FLOOR ACTIVITY

No debates or votes of interest have been scheduled.

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SENATE FLOOR ACTIVITY

Date	Bill	Time/Location
<i>September 10</i> (debate may last throughout the week) <i>(NEW)</i>	<i>H.R. 2500/S. 1215 – FY 2002 Appropriations for Commerce, Justice, State and the Judiciary</i> (includes funding for building and construction accounts for the Departments of Commerce and Justice)	Noon U.S. Capitol
<i>Week of September 10</i> (Tentative) <i>(NEW)</i>	<i>S. 1191 – FY 2002 Appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies</i> (includes funding for the Department of Agriculture and Food and Drug Administration building and construction accounts)	TBA U.S. Capitol

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